



Via Regular Mail & E-mail

June 28, 2016

Marisa Melamed, Health Policy Analyst
State of Vermont
Green Mountain Care Board
89 Main Street
Montpelier, Vermont 05620

Re: Docket No. GMCB-011-16con, Replacement of PET/CT

Dear Marisa,

This letter responds to the questions from your letter dated June 17, 2016. The questions are bolded followed by our responses in un-bolded font.

RESPONSES

1. **Provide confirmation that the shielding will be tested prior to and after completion of the construction.**

RESPONSE: UVM Medical Center hereby confirms that the shielding will be tested prior to and after completion of the construction.

The adequacy of radiation shielding is an area that is extensively regulated by both the United States Nuclear Regulatory Commission and the Joint Commission¹, and UVM Medical Center has protocols in place to ensure compliance with all regulatory

¹ The applicable Joint Commission requirement is Standard EC.02.06.05, which states as follows: "Prior to installation of new imaging equipment, replacement of existing imaging equipment, or modification to rooms where ionizing radiation will be emitted or radioactive materials will be stored (such as scan rooms or hot labs), a medical physicist or health physicist conducts a structural shielding design assessment to specify required radiation shielding. After installation of imaging equipment or construction in rooms where ionizing radiation will be emitted or radioactive materials will be stored, a medical physicist or health physicist conducts a radiation protection survey to verify the adequacy of installed shielding. This survey is conducted prior to clinical use of the room." The applicable regulation from the U.S. Nuclear Regulatory Commission is 10 CFR §20.1302.

requirements. Patient and staff safety are of the utmost importance to UVM Medical Center, and we have medical physicists on staff to ensure proper validation of shielding. Whenever radiation-emitting equipment is being installed at UVM Medical Center, our medical physicists test the shielding prior to and after installation to ensure that the shielding is adequate and consistent with federal and accreditation requirements for patient and staff safety.

2. **Provide the drawings referenced in the Application (FGI compliance section, page 14) of the entire suite, which were not included in the submitted package.**

RESPONSE: We understand that the drawings have now been located and that you will inform us if the GMCB's architect requires any additional drawings.

3. **Provide the cost of historic and projected upgrades in hardware and software.**

RESPONSE: UVM Medical Center has not incurred any costs for upgrades in hardware or software since the installation of the current PET/CT scanner. Routine upgrades are included as part of UVM Medical Center's service contract with Philips, and we are not projecting any costs for upgrades once the new equipment is installed.

4. **Provide PET/CT capacity for years 2006 – 2015. In addition, provided projected PET/CT capacity and volumes for 2016, 2017, 2018, and 2019. Explain any changes in capacity or volume with the new equipment.**

RESPONSE: Current capacity for the PET/CT unit is approximately 2,340 scans per year. Capacity with the new PET/CT equipment, which should have faster scanning times, is projected to be 2,600 scans per year. UVM Medical Center averages 1,200 PET/CT scans per year (well below the current PET/CT capacity of 2,340 scans per year). We do not project any change in volumes as a result of the replacement scanner. Accordingly, we believe UVM Medical Center will continue to perform approximately 1,200 scans per year from FY 2016 through FY 2019. Annual capacity from FY 2006 through FY 2019 is shown in the table below.

PET/CT Capacity

<i>Fiscal Year</i>	<i>Annual Capacity</i>
FY 2006	2,340
FY 2007	2,340
FY 2008	2,340
FY 2009	2,340
FY 2010	2,340
FY 2011	2,340
FY 2012	2,340

FY 2013	2,340
FY 2014	2,340
FY 2015	2,340
FY 2016	2,600
FY 2017	2,600
FY 2018	2,600
FY 2019	2,600

5. **The application states on page 11 that failure to meet the NEMA CT Standard results in a 5% reduction in Medicare payments for CT exams effective January 1, 2016. What is the dollar amount in payment reductions since January 1, 2016?**

RESPONSE: As of now, CMS is not yet deducting 5% from PET/CT scans, but CMS is deducting 5% when the PET/CT scanner is used for a standalone CT scan (sometimes a standalone CT is needed in addition to a PET/CT scan). Because of this, UVM Medical Center has been able to shift most standalone CT scans to its other CT scanners, and has only been assessed a reduction of \$700 for its use of the PET/CT from January 1, 2016 through the present. All of UVM Medical Center's existing CT scanners, other than the PET/CT and a Nuclear Medicine SPECT CT, meet the safety requirements set forth in the NEMA CT Standard.

6. **Provide the cost impact per week if renovation, installation, and testing were to take longer than the planned seven weeks.**

RESPONSE: The cost impact per week is \$10,500. The necessary renovations to accommodate the new PET/CT are minor in nature, and it is unlikely that delays would occur.

7. **Specify the line item in Table 1 and Table 3B that includes the \$86,500 for the lease of the mobile PET/CT unit.**

RESPONSE: The \$86,500 cost of the mobile unit is shown in the "Other Operating Expense" line item of Table 3B in Proposed Year 1. This expense is also identified in the fourth footnote in Table 3B. Offsetting this expense, within the same line item in Table 3B ("Other Operating Expense" for Proposed Year 1), is a savings of \$173,659 during the one-year warranty period for the new equipment where a service contract will not be needed. Subtracting the cost of the mobile unit (\$86,500) from the savings due to the elimination of the service contract fees (\$173,659) yields the expense reduction of \$87,159 that is shown in line item "Other Operating Expense" for Proposed Year 1.

Neither the mobile unit costs nor the offsetting savings are shown in Table 1. Table 1 shows all of the capital costs required to place the new equipment into service (equipment costs, renovation costs, contingency, CON fee, architectural fees, and furnishings, fixtures and equipment). There are no other costs, other than what is included in the financial tables, associated with this project.

8. **The income and cash flow statements propose no change in revenue with the project for 2016 – 2019. Given our consultant’s opinion that the replacement will allow for increased capacity, does UVM Medical Center expect any change in charges or utilization for this same period? If so, provide updated financial statements to reflect the changes.**

RESPONSE: UVM Medical Center does not anticipate any change in utilization or charges as a result of the replacement unit. As explained in response to Question No. 4 above, UVM Medical Center has substantial capacity available now, but PET/CT volumes have remained relatively stable over the past five years with an average of 1,200 exams performed each year. PET/CT is used primarily for cancer treatment mapping and pharmacologic stress testing, and as long as the number of patients requiring a PET/CT continues to remain stable, we do not project any change in utilization. UVM Medical Center also does not project any change in PET/CT reimbursement or charges as a result of this project.

9. **Explain why the amount of excess revenue over expenses on page 22 of the application (\$6,886,778) does not match the figure shown in Financial Table 3C (\$6,800,278).**

RESPONSE: The correct amount of excess revenue over expenses is \$6,800,278, the figure shown in Financial Table 3C. The amount referenced on page 22 of the application (\$6,866,778) inadvertently omitted the \$86,500 cost for the mobile unit during the period of time in which the fixed unit will be unavailable.

We hope that this letter answers any remaining questions that you have. If further information is needed, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "St Klein", is written over a horizontal line.

Steven J. Klein, Esq.
Director of Legal Affairs & Assistant General Counsel

Enclosures